

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

V= Organization
X= Name of Grant
Y= Name of School
Z= Location of School

t= \$ amount
u= \$ amount
v= \$ amount
w= \$ amount
x= \$ amount
y= \$ amount
z= number of students (range)

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated October 18, 2010.

Our records indicate that you were recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation acting as a private operating foundation as defined in section 509(a).

You will operate a grant-making program to provide for educational and living costs to students pursuing additional education in Z. The name of the grant is X. The grant will cover the costs of the school with a possible stipend paid to the family of the student monthly to offset the family's loss of income from that child continuing to attend school rather than beginning to work and earn income as part of the family's needs.

Eligible students will have attended Y or be a household member of a family involved in working at Y. The scholarship will be granted to all eligible applicants for the grant. The community involved with Y has dire economic need. The intent of the foundation is to provide for any and all students with the desire to continue their education regardless of need. As a result, the selection process is objective and non-discriminatory in that it is offering to support education beyond 6th grade specifically for any and all students who qualify as defined above from the specific economically disadvantaged community.

The scholarship selection committee is the board of directors of V and its founders. The board is comprised of college graduates, with the founders having masters degrees including extensive expertise in education and international business.

Initially, the maximum grant will be t per student per school year with a sublimit maximum of u per year for the included stipend. For example, if the student requires v to attend a school, then the stipend will be u. If the student requires w to attend a school, the stipend would be x (the stipend reduced due to the t cap). If the student needs t or more to attend a school, the stipend would be y and the total grant will be limited to t.

The maximum grant limit will be assessed annually and may be adjusted up or down based on conditions at the time, the tuition and related costs for that year and the availability of funds. X and its limits will be subject to annual review and renewal by your board of directors so that no obligations will be made beyond the current school year in order to ensure all eligible applicants are funded.

You expect the pool of grantees to vary between z, with approximately one third of that number added each year. Each year the pool of students will grow based on new eligible students less those prior pool participants who finish their schooling or who may drop out of the program.

All funds will be paid directly to the school the student will attend, for credit to the student's account. Payments will continue for the applicable school year provided the student continues in school and remains in good standing. The stipend, if any, will continue only so long as the student remains enrolled in good standing.

You will meet with parents, students, and the students' schools from time to time. To ensure the family is committed to their child continuing their education, you verbally tell the parents that if they withdraw their child, then you will request repayment for that year.

You will keep records and request progress reports from the school to ensure compliance with attendance and also identify any deficiencies. In the event of any improper compliance, you will terminate the grant and may request repayment from the student's family. In the event a child withdraws from a school and there is money to be refunded, you will require all refunds to be returned to you. However, circumstances may arise, such as student illness, loss of a parent, need for income, where a student may have to withdraw from school, and in such case no attempt to recover will be made.

For any students who withdraw, they will not be eligible for future grants or scholarships until the circumstances surrounding the matter is reviewed by the board of V and a determination is made by the board to restore eligibility. Upon any misuse or reported misuse of funds, future funding for that recipient will be suspended subject to an investigation. The board of V will make a final determination based on that investigation and a positive approval to resume support is required for eligibility to be restored. To help prevent and mitigate the potential for any misuse, you will closely coordinate any payment of monies with the receiving schools directly as well as coordinating and validating any payments already made by a family that you would reimburse.

The procedures for renewal of the grant require the student to stay in school and continue his or her education.

You have indicated you will comply with the Office of Foreign Assets Control (OFAC) procedures for foreign distributions. For grants made in foreign countries, the applicable OFAC websites will be reviewed to confirm that the country where the recipient resides, or where the grant is to be made, is not listed as a state sponsor of terrorism or subject to sanctions programs administered by OFAC. In the event the country is listed, you will first apply for and must receive the necessary license from OFAC for humanitarian activities in sanctioned countries before making any such grants hereunder.

You will check the name of any grant applicant against OFAC's list of specially designated national and blocked persons. Sanctions targets named on OFAC's list are not eligible to receive grants from you, and in the event a grant applicant is on the OFAC list, that grant will not be approved.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in

making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations

Enclosure: Notice 437
A redacted copy of this letter